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TOWN OF JEROME

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MEMO

FROM: Candace Gallagher, Town Manager/Clerk
TO: Mayor and Council
SUBJECT: 2014-15 Municipal Budget
DATE: July 8, 2014

At this meeting, following five public Council work sessions and months of work by staff, we are poised to adopt the tentative budget for 2014-15. **Once the tentative budget is adopted, expenditures may not be increased; however, they can be decreased.** The proposed timeline anticipates holding the public hearing and adoption of the budget at a special meeting on July 29. In the interim, it will be published two times in the Verde Independent, and made available on our website and at the library, in accordance with statutory requirements. The property tax levy would then be adopted at our regular August meeting (August 12).

As presently drafted, and including all changes discussed by Council, this budget:

- **Anticipates NO INCREASES in sales tax rates, fixed utility fees or property tax levy.**
- Anticipates **\$705,000 in sales tax revenue**, \$2,000 less than what was budgeted last year, and roughly equivalent to what is anticipated in actual receipts for 2013-14. We have included an additional \$70,000 in sales tax revenues in our Contingency Fund, so that if received, they could be spent.
- Provides a **subsidy from the General Fund to the Water, Sewer and HURF budgets** in the amounts of \$25,000, \$39,000 and \$69,561, respectively.
- In the sewer budget, utilizes **\$16,350 from our Sewer Emergency Account** toward planned sewer projects, including improvements to the Gulch septic system.
- In the General Fund, utilizes **\$157,500 of the available general fund balance** (including \$30,000 in dedicated fund balance comprised of court enhancement fees collected in prior years, which may be used only for court related expenses), representing approximately 27.6% of the general fund balance estimated to be available for our use at 7/1/14. The remaining \$412,470 will remain in fund balance, and constitutes about 30% of net general fund expenditures (see spreadsheet provided).
 - Note: Our CONTINGENCY FUNDS also provide for the use of an additional \$75,000 in General Fund balance, for emergency use only, to cover any additional litigation costs (\$50,000) and emergency sewer repairs (\$25,000).
- The following **capital improvements, purchases and maintenance projects** are provided for:
 - **Upgrade of the Gulch septic system**, including road improvements.
 - **Replacement/rebuilding of regulators** on School Street, Clark Street and Gulch Road.
 - Improvements to the **Hampshire Avenue water line**.
 - Completion of engineering for improvements to the **sewer plant road**.

Jerome Town Hall Located at 600 Clark Street, Jerome Civic Center

- **Restoration of the horseshoe pits** near Upper Park and **stabilization of the leaning wall** there, funded in part by Freeport-McMoRan Copper and Gold Foundation.
- **Repairs to the redstone and drystack walls** near the horseshoe pit area.
- Completion of the **walkway from the 300 Level parking area** to the firehouse (funded by a contribution from Freeport-McMoRan with assistance from Yavapai County and volunteer efforts).
- Needed **repairs to and maintenance of Town buildings and properties**, including a **new furnace** for the rental spaces at Town Hall.
- Completion of the **Drainage Master Plan** funded by the Yavapai County Flood Control District.
- **A \$5,000 reserve in sanitation** to be placed into a fund and earmarked toward the eventual **replacement of our garbage truck**.

In addition, this budget provides for:

- The continued operation of our library, despite reductions in funding and additional costs incurred as a result of the county's reclassification.
- Continued work on the General Plan update, funded through the State Historic Preservation Office.
- \$833 toward participation (with other Verde Valley towns, the Jerome Chamber of Commerce and the Jerome Historical Society) in a valley-wide marketing campaign that will emphasize the natural beauty, culture and history of our area.
- The hiring of a part-time Duty Officer in the Jerome Fire Department.
- The conversion from part-time to full-time status for the employee who provides assistance and back up in the finance office, at our front desk and in the Planning and Zoning office.
- A 1.5% pay increase for most staff, consistent with the 2014 Social Security cost of living increase.

In comparing FY2014 to FY2015 budgeted figures, it should be noted that **public works salaries have been reallocated significantly** this year, based on actual hours spent in each cost center during the past year. As a result, a larger portion of the salaries are allocated to the general fund (parks and properties) and to the HURF fund, and a lesser portion to water, sewer and sanitation. The general fund's transfer to the HURF fund was increased to accommodate the shift in salary allocations.

Also, in comparing the Excel worksheets that Council has been using to the **figures on the State forms**, there are certain differences due to the manner in which some items must be reflected on the State forms. Specifically, fund balance used as revenue is not reflected as such there, but instead, simply reduces the available resources shown. Also interfund transfers are not reflected as revenues (for the receiving fund) or expenses (for the donor fund), but are detailed separately on Schedule D of the forms. **I have provided a sheet explaining and reconciling the differences.**

While this budget will accommodate all of the expenditures listed in this memo, actual spending will be subject to the availability of funds at the time. As a large portion of our revenue is derived from sales taxes and utility payments, cash flow fluctuates, and this will be taken into consideration as we move forward.